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Proposed programme budget for the biennium 2004-2005

Administrative and financial implications arising from the report of the Standing Committee of the United Nations Joint Staff Pension Board

Twentieth report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the administrative and financial implications arising from the report of the Standing Committee of the United Nations Joint Staff Pension Board (A/C.5/58/27). In accordance with the purpose of rule 153 of the rules of procedure of the General Assembly, the report of the Secretary-General identifies financial implications that would arise for the regular budget should the General Assembly adopt the recommendations submitted to it in the report of the Standing Committee (A/58/214). The report of the Advisory Committee on the report of the Standing Committee is contained in document A/58/7/Add.9.

2. As indicated in the report of the Secretary-General, the report of the Standing Committee identifies an amount of $14,045,800 (at 2004-2005 rates) as the overall requirement for the United Nations share, including the funds and programmes, in the administrative and audit costs related to the Fund (A/C.5/58/27, para. 4). However, on the basis of the latest information available, it appears that the date of relocation of the Fund to new premises will be delayed. On that basis, and bearing in mind the likelihood of the provision by the prospective landlord of a rent-free period and a lower rental rate than previously calculated, requirements for the rental of premises would be reduced, bringing the overall requirement for the United Nations to $13,055,700 (ibid., para. 8).

3. As reflected in section 1, paragraph 1.26, of the proposed programme budget for the biennium 2004-2005, the distribution would require that an estimated 58 per cent of overall United Nations share would be attributable to the regular budget, with the balance to be reimbursed by the funds and programmes. However, as noted in the report of the Secretary-General (A/C.5/58/27), the latest data on the number of participants in the Fund, against which the percentage is derived, indicates that

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the regular budget percentage would need to be revised to 65 per cent (ibid., para. 8). **The Committee notes with concern that such a wide variance has emerged since the time of preparation of the proposed programme budget. The Committee trusts that, in future, care will be taken to ensure that these statistics are carefully monitored.** The Secretary-General calculates that the application of the revised application rate would bring the regular budget share to $8,486,200 (at 2004-2005 rates), or $1,589,900 over the amount of $6,896,300 budgeted in the proposed programme budget for the biennium 2004-2005 (ibid., para. 9)

4. Upon enquiry, the Advisory Committee was informed that the calculations in the report of the Secretary-General did not take into account the Committee's recommended reduction of $394,100 in the overall budget estimates for the administrative expenses of the Fund for 2004-2005 (see A/58/7/Add.9, para. 28). The Committee was informed that, as the full amount of recommended reduction related to staff costs, it was subject to a one-third/two-thirds cost-sharing formula between the United Nations and the Fund. Accordingly, the United Nations share of the reduction would amount to $131,400, of which $85,400, or 65 per cent, would be applicable to the regular budget. Thus, the estimated overall requirements for the United Nations would amount to $12,924,300 (at 2004-2005 rates), of which the regular budget share would amount to $8,400,800, or $1,504,500 over the amount budgeted under section 1, Overall policy-making, direction and coordination, of the proposed programme budget for the biennium 2004-2005.

5. **The Advisory Committee recommends that the Fifth Committee inform the General Assembly that, should it approve the recommendations of the Standing Committee of the United Nations Joint Staff Pension Board, taking into account the effect of the Advisory Committee recommendations thereon, overall requirements of $12,924,300 (at 2004-2005 rates) would arise for the United Nations, of which the regular budget share would amount to $8,400,800 and the balance of $4,523,500 would be reimbursed by the United Nations Development Programme, the United Nations Population Fund and the United Nations Children's Fund to the United Nations. Accordingly, an additional appropriation of $1,504,500 (at 2004-2005 rates) would be required under section 1, Overall policy-making, direction and coordination, of the proposed programme budget for the biennium 2004-2005, subject to the procedures established by the General Assembly in its resolutions 41/213 of 19 December 1986 and 42/211 of 21 December 1987, for the use and operation of the contingency fund. The Committee was informed that potential charges against the contingency fund for the biennium 2004-2005 as at 21 November 2003 exceeded the level approved by the Assembly for the fund for the biennium. The Committee commented on this matter in its report dated 24 November 2003 (A/58/7/Add.13, para. 8).**